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Nixon on Economy . . .

Position Blurred on Crucial Issue

By Roscoe Drummond

VICE PRESIDENT Nixon seriously blurring his position by appearing to take both sides of one of the crucial issues of the campaign: How urgent is it that we increase the rate of economic growth and invest in the future?



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In his last news conference, Mr. Nixon left us with more questions than answers. I should like to examine three of his comments in detail.

NIXON VIEW — He says that the critics of our rate of economic growth are headed toward a "government-regulated economy" and tax rates which will make the manufacture of new cars academic.

Those who believe that economic growth can be stimulated by governmental action favor using more of our resources for public purposes. But Mr. Nixon confuses the issue by warning simultaneously against public spending and against timidity in public spending. His repeated admonitions against a higher Federal Budget are numerous and strong, but in his latest speech he also said:

"If we are to grow at a maximum rate, we must recognize the continuing need for investment in the public sector." He named education, roads, urban renewal, natural resources, research and scientific development, and then added:

"Timidity in these areas would be as detrimental to the national interest as timidity in private investment."

Question—Does Mr. Nixon intend that the taxes necessary to sustain this kind of investment in the public sector would make "the manufacture of new cars academic?"

NIXON VIEW—The Vice President warns that we must not overestimate Communist achievements. "The critics of our present economic policies," he states, "say that the Soviets are achieving their objective of overtaking us." Mr. Nixon points to our impressive lead in consumer goods and suggests, pretty conclusively that the Soviets are not likely to overtake us in consumer goods in this century.

Question—But doesn't this answer miss the central problem? Since the Soviets can use any part of—indeed do use the major part of—their production for national purposes, for carrying out the

Soviet economic challenge around the world, doesn't the strength of the United States in this economic contest for keeps depend in large part on how much of our economic resources we use for national or public purposes?

In testimony before Congress, William W. Dawson, director of the Central Intelligence Agency, said it this way: "Whether the size of our gross national product nor our respective industrial production are a true yardstick of our relative national power position. The uses to which economic resources are directed largely determine the measure of national power."

Therefore, the prospect that the Soviets will not catch up with us in production in the next 40 years does not mean that their economic challenge cannot be equal to ours, even now, since they will be using more of their less abundant resources for that purpose.

NIXON VIEW—Mr. Nixon's latest economic speech leaves me with the impression that he feels that the rate of economic growth attained during the past seven years of the Eisenhower Administration is all we need to meet the Communist economic challenge and that no more of the same will be fine.

Question—Is it? The average rate of growth of the American economy from 1930 to 1939 was 1 per cent. The rate of economic growth from 1933 through 1959 was 2.4 per cent. Admittedly a highly productive economy. But that of the United States grows less rapidly than a less developed economy, like Russia's. But since the Soviet economy has been growing at the rate of 6 per cent per year for 10 years and since the Soviets now use as much of its gross national product for national purposes as the United States, the economists view this per cent rate of growth during the past seven years as inadequate.

Both the friends and critics of Mr. Nixon will agree that he returns to the subject soon.

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